

Banking & Financial Services

Module Description

A sixty- to ninety-minute interactive program suitable for all audiences, designed to develop knowledge and skills that will enable participants to utilize an appropriate financial institution in order to open and maintain a checking account.

Materials

Shopping For a Banking Institution

Introduction to Checking Account Management
Exercise Packet

Note

Due to the complexity of state check laws, the instructor should obtain as much information as possible about the specific state laws and regulations pertaining to their area. Navy Legal Services Office and the Family Service Center are recommended resources for gathering this information. The instructor should also be prepared to provide local phone numbers and points of contact where possible for local sources of help.

Relevant Websites:
www.lifelines4qol.org

Instructor References

SECNAVINST 1754.1, Family Service Center Program

OPNAV Instruction 1740.5A (Draft), Personal Financial Management Education, Training and Counseling Program

Command Financial Specialist Training Manual, NAVPERS 1560.8C (or later)

Coming to Banks Near You, Kiplinger's Personal Finance, Vol.54. No. 1, January 2000, p.27.

Garman/Forge, Personal Finance, Boston, Mass., Houghton Mifflin Co., 1994.

Federal Reserve System, How to File a Consumer Complaint About a Bank, FRB1-50,000, 1994

Federal Reserve System, Check Rights, FRB, 1988

Federal Reserve System, Checkpoints: How to Write and Use Checks, FRB, Boston, 1995

Federal Reserve System, Making Deposits: When Will Your Money Be Available? FRB, 1988

Objectives

At the conclusion of this program participants will be able to:

- ◆ Describe the different types of checking accounts.
- ◆ Identify an appropriate financial institution for the individual's or family's needs.
- ◆ Demonstrate the ability to compare the pros and cons of the services and fees of various financial institutions.
- ◆ Demonstrate the ability to properly fill out a check.
- ◆ Demonstrate the ability to enter all transactions in a check register.
- ◆ Describe the differences between ATM, credit, and debit cards.
- ◆ Describe the civilian, military, and legal ramifications of bounced checks.
- ◆ Describe the alternatives to having a checking account.
- ◆ Identify the different sources of help for banking problems.

1

Introduction

1. Introduce self:

Financial education background, affiliation with Navy.

2

Purpose and Agenda

1. State Purpose and review agenda:

The purpose of this program is to provide you with basic skills for choosing a bank and managing a checking account. It will provide information on types of checking accounts and financial institutions, local check laws, and the consequences of irresponsibility. A class exercise provides reinforcement for skills learned in the program. Specifically, we will cover:

- ◆ Fundamentals of Banking and Checking
- ◆ Effective Checkbook Management
- ◆ Consequences of Insufficient Funds
- ◆ Practical consideration in managing your banking and checking
- ◆ Sources of help

2. The Financial Planning Pyramid: the pyramid points the way to financial freedom. Although this terms means different things to different people, everyone agrees that we must start with the basics. Choosing the right bank or credit union and proper checking account management is an important aspect of controlling your spending, and establishing the base of the Financial Planning Pyramid.

3

Fundamentals of Banking and Checking

1. What is a check: A check is a promise to pay—a guarantee that there is money in your checking account to cover the amount the check was written for. A check is a legal document—writing a check without money in the bank to back it up is illegal. A canceled check is proof of payment if there is a dispute. Over 50 billion checks are written annually—54% by individuals and 46% by businesses. Checks are a widely accepted method of payment, they are convenient and safer than cash. If you maintain your check register properly, as we describe later, you will have a record of your expenses and income which will help you to control your financial plan.

4

2. Types of checking accounts:

5

Personal

6

- ◆ **Individual**—only one person is responsible for the account.
- ◆ **Joint**—more than one person is responsible for the account. It is best if one person establishes primary responsibility, but each party involved needs to know the status of the account at all times. A problem account affects all people who are associated with it. Any person on the account can sign the check , but no matter who signs, both people are responsible for payment. Some

Handout:
Shopping For A Banking Institution

7

special joint accounts require the signature of both parties on each check. You must also make a decision about the future disposition of the account. Either joint tenancy with right of survivorship or without right of survivorship. If you choose with survivorship the funds in the account automatically transfer to the other joint owner. Without means the money goes to your estate, not the joint owner.

- ◆ **Interest/non-interest bearing accounts**—some accounts pay interest and some don't. May require minimum balances, and usually pay a minimum rate.

Business

- ◆ Two or more people may be responsible for writing checks and maintaining the account.
- ◆ Two signatures may be required.

8

3. Shopping for a financial institution: there are a variety of types of financial institutions that provide banking and checking services. These are the four main options and what to look for when choosing between them.

9

Types of financial institutions

- ◆ **Credit Union:** A non-profit organization that is owned by its members. Because of the non-profit status, interest rates on loans tend to be lower and interest rates on savings accounts tend to be higher. Defense credit unions are available to military members. They provide accounts which can follow you as you move to new locations.

- ◆ **Bank:** A for-profit organization owned by shareholders. Because of their for-profit status, interest rates on loans tend to be higher and interest rates on savings accounts tend to be lower. They offer many other financial services too.
- ◆ **Savings and Loan Associations:** Often called thrifts, these institutions provide loans and offer interest-bearing checking accounts (NOW accounts). Interest rates may be slightly higher than banks.
- ◆ **Mutual Savings Banks:** State-chartered institutions available in certain states only. Depositors are the owners of the institution and share in the earnings.

Recent legislation has repealed old laws which separated commercial banking from investment banking. A new law has been passed which allows banks, securities firms and insurance companies to merge. This will allow one stop shopping for all financial services and should lower over all costs to the consumer.

Benefits

- ◆ **Hours and locations**—the Navy is rarely an 8 to 5 job. Ask if the financial institution offers extended hours during the week and/or Saturdays. Also, if you will be traveling or being transferred overseas, you will want to know about locations and ease of transferring money.
- ◆ **Services**— financial institutions now offer a wide range of services beyond the basics of checking and savings. These services include: automatic transfers, bill paying options, life insurance, investments, loans, certificates of deposit (CD's), money orders, travelers checks, cashiers checks, certified checks, signature guaranties, notary

10**11****12**

public, safety deposit boxes, wire transfers and foreign currency exchange. For more information on savings options refer to the Saving and Investment Module.

13

- ◆ **Statement**— You should receive statements monthly, however financial institutions are required by law to send one at least once a quarter. Ask how often you should expect to receive yours. Always read your monthly statement. This is where all transactions that have occurred during the month will be summarized.
- ◆ **Truncating**—you may have the option of receiving your canceled checks with your statement or the financial institution may retain them. If retained they will be stored on microfiche. A customer can usually receive up to three (3) free copies of checks a month, but there may be charges, so always ask!

14

- ◆ **Insured accounts**—make sure that the financial institution is federally insured. Checking and savings accounts are covered up to \$100,000 per social security number. Investment accounts are not covered at all. Be sure to ask questions about the coverage. Credit unions are insured by NCUA , banks and Savings and Loans are insured by FDIC, usually Mutual Savings Banks are also insured by FDIC.

15

- ◆ **Interest bearing accounts**—ask which accounts pay interest, what are the requirements to have an account like that, and what is the interest rate. Remember—every little bit helps!

Interest Rates—Interest is paid on various types of savings accounts , CD's, and investment products. Interest is charged on all loans, including credit cards. Although there are several methods of computing interest, federal law requires all financial in-

stitutions to quote the rates as an Annual Percentage Rate (APR). This makes it easy for you, the consumer, to comparison shop for the best savings and loan rates. More information on interest is available in the Credit Management module.

Minimum Requirements

- ◆ **Opening Deposit**—A minimum amount is usually required to open an account. It can range from \$5.00 to \$250.00.
- ◆ **Balances**—at some institutions, if your balance drops below a minimum amount in your checking and/or savings account, you will be charged a fee. Make sure you ask if this is the policy, what is the minimum balance required, and what is the fee if this should occur.

Cost

- ◆ **Service charges**—by law institutions must tell you about all applicable service charges you will be charged. They can add up in a hurry, so beware!
- ◆ **Check order costs**—some institutions do not charge if only your name is printed on the check. These are called 'line checks' and most banks discourage their use. They prefer you use checks with your name and address printed on them. Some merchants will require that you write in other information that is usually printed on a check. You should inquire about the different types of checks available (i.e., plain, scenic, etc.) and their costs. You can order checks through your financial institution, or it may be less expensive to order them from a mail-order company. If you use a source other than your financial institution,

16**NOTE:**

Instructor should inform class that more information on interest will be provided in the Credit Management module.

17

be sure you send along a check re-order form to ensure that the numbers on the check are printed correctly.

- ◆ **Costs per check**—some institutions offer free checking and others allow you a limited number of free checks per month, thereafter, a charge per check written will be assessed. Some financial institutions charge a flat monthly fee. There are lots of free checking accounts available, why pay for them? Shop around for the best deal.

18

Overdraft Protection

- ◆ Helps to ensure that if you write a check against insufficient funds, only the bank is aware of it and not the business where you wrote the check. Money comes from a source (i.e., savings, line of credit, credit card, etc.) and is deposited into your checking account to cover the check. Transfers are usually made in multiples of \$100 and can add up quickly if charged to a credit card. The interest rate on a line of credit is usually around 14 to 15%. You should inquire about the following as it pertains to overdraft protection: availability, cost, type of overdraft protection, and repayment plans available.

19

Fees

- ◆ **Insufficient funds**—financial institutions usually charge \$25.00 to \$35.00, but they pay the check and overdraw the account.
- ◆ **Returned check charges**—the same as the insufficient funds charges, charged by both the bank and the business to which the check was written. These charges will vary, and the business must post the charges.

- ◆ **Minimum balance fees**—if you go below a certain amount in checking and/or savings, you will be charged. Be sure and find out what the minimum amount is and the charge.
- ◆ **Fees for research assistance**—if you need help with your account from a Customer Service Rep, you may be charged. The charge will usually occur if your account requires extensive work, usually because your statement has not be reconciled for an extended period of time. These charges can be as high as \$15.00 an hour or higher.
- ◆ **ATM fees**—always ask what they are! Some financial institutions are now charging to use their own ATM's, even if you are a customer. Typically, the fees range from \$1.00 to \$2.00 but can be more.
- ◆ **Stop payment fees**—when you change your mind about paying, you have the right to stop payment on any check you write. You must request the stop payment before the check reaches the bank for payment. Be sure to allow the bank a reasonable time to carry out your request. There is usually a charge for this service. Be prepared to give the bank complete information about the check—banks rely on computers to find the check and place the stop order on it. You should also be prepared to defend your actions to the person or company to whom you issued the check, and there may also be a charge by the company if their policy states that charges apply for a check returned for “any reason”. The stop order is usually valid for six months. After that, the holder can attempt to cash the check.

Effective Checkbook Management

1. Completing the check: This may seem like basic information but many of the checks we write are not completed properly. Mistakes and incomplete information can lead to problems. They may even make it possible for someone to take the check and alter the amount.

1. Check number—be sure you record the same check number in the register.

2. Date—always date it for the day written. A “post-dated” check is one that is dated with a future date. In many states a post-dated check can be used immediately despite the later date that is written on it. If you have an agreement to the contrary, make sure it is in writing, and signed by the party to whom you issued the check. Best advice—don’t post-date a check.

3. Bank identification number—Transit number (top) identifies your bank, routing symbol (bottom) shows Federal Reserve District and is used for manual processing. These are the numbers used to list checks on deposit tickets.

4. Pay to the order of—never leave blank (unless the payee has a stamp and uses it). Some merchants now have the ability to print their name and the amount of your check for you, only requiring your signature. If you choose this method, be sure to check for accuracy before signing.

5. Dollar Amount (numbers)—make sure it is correct and clearly written.

6. Amount line (written)—make sure it corresponds with the numerical amount. Financial institutions pay the check according to the written amount.

7. Notation area—for personal use to make a note.

8. Signature—always sign the check as your name appears on your check (which should match the signature card at the financial institution.)

9. Micro encoded bank routing number—used for automated processing.

10. Micro encoded account number issued to your account.

2. Common errors in writing checks:

- ◆ Illegibility—make sure all parts of the check are readable.
- ◆ Empty spaces—it is very easy to forge a check if there are empty spaces. Always complete the entire check.
- ◆ Only filling in the numbers—it is important to complete the entire check. Remember the written amount is the amount that will be paid.
- ◆ Not signing the check—if a creditor has to return a check to you for your signature it could result in late charges.
- ◆ Not signing name as it appears—always remember to sign your name as it appears on the check, and on your signature card at the financial institution.

21

22

- ◆ Not lining through after the dollar amount—always fill the entire line. If handwriting is small, this is particularly important. This is one of the most likely places on a check that could be forged.
- ◆ Initialing errors—if you make a mistake on your check, it is best to write “VOID” on your check and in your check register, then write another check.
- ◆ Writing in pencil—never, ever write a check in pencil or erasable pen because it is very easy to forge. A check is a contract and contracts are null and void if written in pencil.

23

3. Completing the checkbook register: This is one of the most important parts of checking account management. It is vital that the register be completed in full each time a check is written. Otherwise, you will have no record of how many checks have been written, to whom, for what amount and what your remaining balance is. The parts of the register to complete include:

1. Check number
2. Date
3. Payee
4. Deposit/withdrawal amount
5. Balance column
6. Notation area (optional)

One option to avoid forgetting your register is to order and use duplicate checks. This way you automatically complete your register with each check.

4. Expensive mistakes: Some of the mistakes made in filling out the register can be costly. Some of these are common reasons why you may find it difficult to balance your checkbook; others are actually illegal and you can be prosecuted.

- ◆ Not subtracting ATM fees or service charges—you must read your monthly statement to make sure they match what you have recorded in your transaction register.
- ◆ Post-dating checks—this could cause problems if you ask someone to hold a check and they cash it anyway. Banks will pay the check immediately if there are sufficient funds, otherwise the check will be returned and result in lost of NSF and returned check charges.
- ◆ Splitting check pads between joint account holders—make sure both parties involved know the status of the account. Maintain a central transaction register, and use duplicate checks for ease in remembering to whom the check was written.
- ◆ Writing checks before the money is in the bank could be considered check “kiting”—make sure money is always in the bank when you write a check. The check may clear sooner than you expect and be returned. “Kiting” occurs when you have two accounts at two separate financial institutions and write checks to deposit back and forth when you have no funds in either account—risky business and definitely illegal.

25

- ◆ Not balancing the monthly statement—it is important to do this every month, so you will know what charges were incurred during the month, what deposits/withdrawals were made and the month-end balance. The only way to detect errors, either yours or the financial institution's, is to balance your statement.
- ◆ Not recording checks written in the register—as mentioned before, the checkbook register is one of the most important parts of checking account management. Accurate record-keeping is vital to maintaining a good account. Financial institutions can give updates over the phone if there is a question about a check, but most have converted to automated systems and prefer that you use them. You may want to consider duplicate checks to avoid this problem.
- ◆ Addition/subtraction errors—if you have done so manually, follow up by using a calculator. Some checkbook covers even include a calculator for this purpose.
- ◆ Not subtracting automatic deductions—if you have payments arranged on automatic deduction, be sure to know what date the payment is deducted from your account and record it in your register. Tip: record these on the same day you record your salary.

5. Completing the deposit slip:

26

Types of deposits

27

- ◆ All cash
- ◆ All checks(s)
- ◆ Cash and check(s)
- ◆ Cash back from deposited check(s)—this is called a ‘split deposit’.

Tips on completing the deposit slip

- ◆ When making a deposit, you will be asked to sign the deposit slip if/when receiving money back. (Split deposit)
- ◆ Remember to complete the entire deposit slip and enter the information on the correct lines.
- ◆ If checks are listed on the back of the deposit slip, remember to bring that total forward to the front of the slip.

Types of check endorsements:

28

Endorsements transfer ownership of a check.

- ◆ Blank (Jane R. Smith)—you simply endorse the check on the back, cash it or deposit it. If the check is lost it can be easily cashed by anyone. Wait to sign the back until you are at the deposit location.
- ◆ Restrictive (For Deposit Only—Jane R. Smith)—Restricts future use of a check. “For Deposit Only” on the back of a check prevents use for any other purpose. This endorsement will protect your check if it is lost or stolen, because it can only be deposited to the account you specify.

- ◆ Special (Pay To The Order Of Robert L. Jones)—When you want to transfer ownership to someone else, write “Pay To The Order Of Robert L. Jones”, and endorse the check. Robert L. Jones will then endorse the check to negotiate it. The last endorser is always responsible for the check.

If your account reads “James Smith” but everyone knows you as “Jim Smith”, you may receive checks payable to “Jim Smith”. When endorsing the check, sign your name both ways, first as it appears on the check, then as it really is/ should be.

29

Funds availability:

The Expedited Funds Availability Act of 1987 limits the length of time financial institutions may delay a customer’s ability to use deposited funds. Business days do not include Saturday, Sunday and federal holidays.

- a. One the first business day after a deposit is made, the following is available:
 - 1) Cash
 - 2) First \$100 of check
 - 3) Government, cashier, certified or teller checks
 - 4) Checks written on the same bank the deposit is made to.

30

- b. On the second business day after a deposit, the following is available: Checks written on local banks.
- c. On the fifth business day after a deposit, the following is available: Out of town checks.

6. Clearing Procedures: A local check usually clears within 2-3 days, however they may clear in as little as one day because of EFT (Electronic Funds Transfer). If a check is mailed out of the local area, it may take longer to clear depending on which Federal Reserve District the receiving business is located within (typically 5-7 days).

31

NOTE: It is very important to remember that because of EFT, the clearing process can happen almost instantly. Don't take a chance by writing checks until there are funds available in the bank.

7. Automated Teller Machines (ATM): Your ATM card provides a convenient method to withdraw funds from your checking or savings account, and make deposits. While you can obtain balance information with your ATM card, it is not reliable and should not be used to verify your register balance. Safeguard your Personal Identification Number (PIN). Never place it in your wallet with your ATM card. Your card will not work without the PIN so don't make it easy for dishonest people to steal your cash. Report loss or theft immediately. ATM's are very convenient to use overseas. They are usually less expensive than the fee charged to change money at other locations.

32

To stay within your budget, write down the amount of withdrawal before you go to the ATM. This may deter you from taking out more than you had planned and only take out as much money as you need. Always remember to record the transaction in your account register. Do not throw away the receipt. It contains your account number. Take it home, record the information, then shred it.

33

Keep in mind that ATM withdrawals take the money out of your account when you withdraw it, but ATM deposits are not credited to your account until they are verified and entered by a bank employee. If you deposit money on Friday, it may not be in the account until Monday.

34

8. Debit Card: A debit card is similar to an ATM card and can be used for the same transactions. It can also be used like a check if the retailer has point of sale (POS) equipment. Like the ATM withdrawal, the money is taken from your account at the time of the sale and deposited in the retailer's account. The transaction may require you to enter your PIN number or it may not, depending on the POS equipment. Although the debit card looks like a VISA or MasterCard, and may have one of those logos on the card, it is not a credit card and does not have the same Federal protections against fraudulent use as a credit card. Safeguard your debit card: it is like carrying a signed, blank, plastic check! If it is used by someone else, that persons could use it until your account is empty. Report the loss or theft immediately to limit your liability. Usually you will be held liable for only \$50, but if you do not report it within two days you could be liable for up to \$500 of the fraudulent usage.

It is easy to forget about debit card transactions so be sure to enter all debit card transactions in your checkbook register immediately. Always subtract these transactions to keep your balance current.

35

9. Personal Computer (PC) Banking: Banking at home can be convenient for the consumer however, caution should be taken when setting up your system to include:

- ◆ Availability—will your creditors accept electronic transfers?
- ◆ Delays—How long will it take for the transfer to occur?
- ◆ Fees—what does your bank and the creditor charge for this service? Will it be cost effective to use this service?
- ◆ Security—who has access to this information? Will computer hackers wreak havoc with your finances?

Insufficient Funds

1. Check Laws: Check laws vary by state and can range from a misdemeanor for small checks (less than \$200 in some areas) to a felony for large checks. Generally these laws are for people who repeatedly bounce checks, people are put in jail for repeated, willful bouncing of checks.

2. Consequences of Checking Account Mismanagement: There are a number of negative results of poor checking account management. These range from personal to professional. They can and do have an impact on your military career.

- ◆ Embarrassment. Personal evaluations may reflect a lack of responsibility.
- ◆ Hefty service charges.
- ◆ Consideration for reenlistment, retention, duty assignments, special programs, promotions, security clearances and discharges.
- ◆ Punishment under UCMJ Article 123a and 134—with a maximum punishment ranging from dishonorable discharge to five years confinement at hard labor.
- ◆ Other Than Honorable (OTH) Discharge.
- ◆ Inability to have an account because of unsatisfactory record with CheckCorp or other electronic check verifying companies.

Impact of Credit Rating: Bounced checks may be reported to a Credit Reporting Agency (CRA) and included in your credit report. When potential lenders or creditors look at your credit report to decide whether to loan money or advance credit to you, they will see the bounced check report and that will have a nega-

36**NOTE:**

Instructors should contact the local NLSO office for state bad check laws and pass this specific information on to the class during this section.

37**38****39****NOTE:**

Instructors should refer class to the Credit Management module for more information on credit reports.

tive impact on their decision. Future employers also have access to this information. More information about credit reports is available in the Credit Management module.

Practical Considerations in Managing your Banking and Checking

40

1. Alternatives to Checking Accounts: You can avoid the use of checks if you choose. The use of ATM and debit cards is making this easier than ever before. Your options include: having a checking account, but not writing checks. You can have DDS payments go to your checking or savings account and use an ATM/debit card to withdraw money and make purchases. You would purchase money orders to pay bills. The disadvantages of this method are that it will be harder to prove you paid a bill, possible ATM fees, and money order costs. Recordkeeping is very important if you use money orders and debit cards.

Some servicemembers choose to use a 'pay day loan' outlet to cash a check based on their pay. This is actually borrowing your own money at a high rate of interest.

41

2. Couples and Money Management: If you are married, you will need to decide who will have primary control of the checkbook. Both spouses should know how to write and record account transactions (checks, ATM/Debit cards, deposits and withdrawals) and balance the account.

Some couples use one checking account, but split check pads so both people have checks to write. Splitting a pad of checks is not recommended due to the problem of recording the checks in a common register. This method requires detailed record keeping, and is generally a bad idea!

Some couples opt for having separate checking accounts, with each person having responsibility for different bills. Other couples have three accounts, one for each person and their individual money and bills, and a third that they both put money into and from which they pay joint household bills.

Based on your service in the military, you will have some unique banking needs. Deployment is a specific example. The deployed individual may have trouble with stores accepting out-of-state checks and the distances involved can make it difficult to keep a joint account balanced. Military couples may want to consider having more than one account:

- ◆ a primary account to be used for the normal at-home expenses
- ◆ a second account for the deployed spouse. You can set-up an automatic transfer to this account from the main account.
- ◆ use the split pay option— designate a portion of your pay to be deposited to the ATM onboard ship.

Remember that your military paycheck must be deposited via DDS, so you must have an account somewhere in order to receive your pay.

The key to successful money management for couples is finding the right system that works for them, and that is done through communication. Talk to your partner and decide on the best method to manage your checking account for you. Seek the help of your CFS or FSC Financial Education Specialist if you need more help.

42

3. Switching Financial Institutions: The time will come when you will transfer and move out of the area and will need to change financial institutions. The most important thing is to not close your old account until you have opened a new one—otherwise, where will your DDS go during the time you have no account? Wait until you get to your new duty station to shop for your new institution and open your account. Check out the federal credit unions on your new base for a great deal. Then, when you have your new account, change your DDS to the new account. Do not close your old account until you get your first DDS into your new account. Be mindful of any other payments that you have coming out of your old checking account, such as automatic car payments. When you switch financial institutions you will want to have those automatic payments coming out of your new account as well. Be sure to arrange that with the new bank once you are sure they are receiving your DDS.

Another option you may wish to consider, if eligible, is opening an account with a large military-affiliated bank or credit union that has branches and ATM's worldwide. This will allow you to utilize the same checking account throughout your career and avoid the potential pitfalls of account switching.

43

Sources of Help

1. Where to complain: If you have a dispute with a bank, you should handle it as you would any other consumer complaint—start with the bank. The bank has a chain of command for handling complaints. Banks listen to your complaints because if you move your money to another bank, they lose money. Here is the chain you should follow:

- ◆ Customer Service Representative
- ◆ Branch Manager (if it is a branch)
- ◆ Bank President

If you still have a complaint look for help at the local and state level: the Better Business Bureau arbitration service, and the state banking regulatory agency.

If you are still not satisfied, address your complaint to the Federal Reserve System (FRS). While the FRS does not have the authority to resolve all problems, many times filing a report with them will urge a bank to settle the problem.

2. Other Sources of Help: There are other sources of help available to you that are not available to people who are not in the Navy or other armed forces branch:

- ◆ Your Command Financial Specialist
- ◆ Your Navy Family Service Center Financial Education Specialist
- ◆ Your Navy Legal Services Office (NLSO)
- ◆ The Armed Forces Disciplinary Control Board
- ◆ The Navy-Marine Corps Relief Society

Summary

This program has provided you with the basic skills for choosing a financial institution and managing a checking account. Types of institutions and accounts, check laws, and consequences of mismanagement were reviewed. By knowing the options available and being aware of how to properly manage a checking account, you are setting the stage for a secure financial future.

In order to reinforce the skills learned in the program a class exercise will be introduced at this time.

44

NOTE:
Instructor should provide local phone numbers and points of contact for these resources.

45

Handout:
*Introduction to Checking
Account Management*

NOTE: This following class exercise is a 20 minute exercise on the practical use of checking account tools. It is strongly encouraged that this exercise be completed by junior audiences. This section may be omitted with senior audiences already familiar with its content.

Exercise Slide Set 1-16: Class Exercise

NOTE: Instructor, hand out all materials for exercise:

- 1. Class exercise packet**
- 2. Calculators**
- 3. Pencils**

- ◆ Review instructions with class. Explain the section that says “Fill In This Month’s Transactions On Your Register.” Explain that the account was opened with \$100 and fees are involved. They may subtract the fees in the beginning or end. The ending balance is \$295.61. Make sure the class completes all checks, check register, and deposit slip. The exercise usually takes around 20 minutes. Powerpoint slides explain each step of the exercise.
- ◆ The instructor needs to review the exercise step by step with the class. Examine each transaction showing the written check and the entry into the checkbook register. Show the completed deposit slip.
- ◆ Demonstrate how to balance a statement. The statement is included in the packet. Stress the importance of read-

ing and balancing monthly statements. The back of the statement provides a place to balance the bank statement (under “Checking Account Reconciliation”). Review steps and stress the importance of the ending balance agreeing with the ending balance in the check register. If it doesn’t, suggest the following:

1. Carefully review the statement for entry errors.
2. Double check addition/subtraction in your transaction register.
3. Consult with the Customer Service Representative at your financial institution.